

SEC Mail Processing  
Section

FEB 12 2010

Washington, DC  
110



10026931

MISSION

OMB APPROVAL

OMB Number: 3235-0123  
Expires: February 28, 2010  
Estimated average burden  
hours per response..... 12.00

SEC FILE NUMBER

8-28496

ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/09 AND ENDING 12/31/09  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

*Andersen Erik Brechling*  
DBA: **Brechling Andersen Securities (a Proprietorship)**

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

**3250 Wilshire Boulevard, Suite 941**

(No. and Street)

**Los Angeles**

**California**

**90010**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

**Erik Brechling Andersen**

**(213) 487-3360**

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**Goodrich Baron Goodyear LLP**

(Name - if individual, state last, first, middle name)

**6700 E. Pacific Coast Highway, Suite 255, Long Beach, California 90803**

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

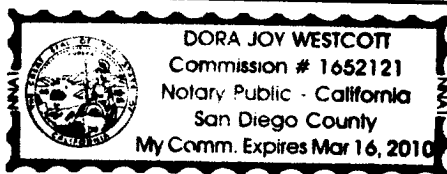
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

*JP 2/2/10*

## OATH OR AFFIRMATION

I, Erik Brechling Andersen, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Brechling Andersen Securities of December 31, 20 09, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

N/A



Erik Brechling Andersen  
Erik Brechling Andersen

Sole Proprietor

Title

Notary Public

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Cash Flows.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) Independent Auditor's Report on Internal Accounting Control

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

# CALIFORNIA JURAT WITH AFFIANT STATEMENT

- ☒ See Attached Document (Notary to cross out lines 1–6 below)  
☐ See Statement Below (Lines 1–5 to be completed only by document signer[s], *not* Notary)

\_\_\_\_\_  
Signature of Document Signer No. 1

\_\_\_\_\_  
Signature of Document Signer No. 2 (if any)

State of California

County of Los Angeles

Subscribed and sworn to (or affirmed) before me on this

22 day of January, 2010, by  
Date Month Year

(1) Erik Andersen, Sole Proprietor,  
Name of Signer

proved to me on the basis of satisfactory evidence  
to be the person who appeared before me (.) (,)

(and

(2) N/A,  
Name of Signer

proved to me on the basis of satisfactory evidence  
to be the person who appeared before me.)

Signature Dora J. Westcott  
Signature of Notary Public

Place Notary Seal Above

## OPTIONAL

*Though the information below is not required by law, it may prove  
valuable to persons relying on the document and could prevent  
fraudulent removal and reattachment of this form to another document.*

### Further Description of Any Attached Document

Title or Type of Document: N/A

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

RIGHT THUMBPRINT  
OF SIGNER #1  
Top of thumb here

RIGHT THUMBPRINT  
OF SIGNER #2  
Top of thumb here

## CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Condition	2
Statement of Income (Loss)	3
Statement of Changes in Proprietor's Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8
Additional Information:	
Computation of Net Capital Pursuant to Rule 15c3-1	9
Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3	10
Information Relating to the Possession or Control Requirements Pursuant to Rule 15c3-3	11
Statements of Internal Accounting Control	12-13



GOODRICH • BARON • GOODYEAR LLP  
*Certified Public Accountants*

## INDEPENDENT AUDITORS' REPORT

Brechling Andersen Securities  
(A Proprietorship)  
Los Angeles, California

We have audited the accompanying statement of financial condition of Brechling Andersen Securities (a proprietorship) as of December 31, 2009, and the related statements of income (loss), changes in proprietor's equity, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Firm's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brechling Andersen Securities (a proprietorship) as of December 31, 2009, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on Pages 9 through 11 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads 'Goodrich Baron Goodear, LLP'.

Long Beach, California  
January 22, 2010

**BRECHLING ANDERSEN SECURITIES  
(A Proprietorship)  
STATEMENT OF FINANCIAL CONDITION**

DECEMBER 31, 2009

**ASSETS**

Cash	\$ 11,619
NASDAQ Securities, at market value	19,820
Other assets – CRD Balance	<u>3</u>
Total assets	\$ <u><u>31,442</u></u>

**LIABILITIES AND PROPRIETOR'S EQUITY**

Liabilities	\$ -
Proprietor's equity	<u>31,442</u>
Total liabilities and proprietor's equity	\$ <u><u>31,442</u></u>

The accompanying notes are an integral part of these financial statements.

**BRECHLING ANDERSEN SECURITIES**  
**(A Proprietorship)**  
**STATEMENT OF INCOME (LOSS)**  
  
**YEAR ENDED DECEMBER 31, 2009**

**Revenues:**

Mutual fund, including trail commissions	\$ 366
Quarterly mutual fund 12B-1 fees	2,636
Interest	<u>15</u>

Total revenues	3,017
----------------	-------

**Expenses:**

Rent	\$ 7,206
SIPC assessment	150
Other dues and fees	376
Telephone	379
Professional fees	11,123
Unrealized and realized losses in securities	<u>4,890</u>

Total expenses	<u>24,124</u>
----------------	---------------

Net loss	\$ <u>(21,107)</u>
----------	--------------------

The accompanying notes are an integral part of these financial statements.

**BRECHLING ANDERSEN SECURITIES**  
**(A Proprietorship)**  
**CHANGES IN PROPRIETOR'S EQUITY**

YEAR ENDED DECEMBER 31, 2009

Balance at beginning of year	\$ 63,549
Proprietor's capital – withdrawals, net of additions	(11,000)
Net loss for the year	<u>(21,107)</u>
Balance at end of year	\$ <u><u>31,442</u></u>

The accompanying notes are an integral part of these financial statements.

**BRECHLING ANDERSEN SECURITIES**  
**(A Proprietorship)**  
**STATEMENT OF CASH FLOWS**

YEAR ENDED DECEMBER 31, 2009

Cash flows from operating activities:		
Net loss		\$ (21,107)
Adjustments to reconcile net income to net cash used for operations:		
Unrealized loss on securities	\$ 4,890	
Increase in CRD balance	<u>(3)</u>	
Total adjustments		<u>4,887</u>
Net cash used for operating activities		(16,220)
Cash flows from investing activities		-
Cash flows from financing activities;		
Proprietor withdrawals, net of additions	<u>(11,000)</u>	
Net cash used for financing activities		<u>(11,000)</u>
Net decrease in cash		(27,220)
Cash at beginning of period		<u>38,839</u>
Cash at end of period		\$ <u><u>11,619</u></u>

The accompanying notes are an integral part of these financial statements.

**BRECHLING ANDERSEN SECURITIES**  
**(A Proprietorship)**  
**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2009

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business**

Brechling Andersen Securities is a proprietorship and registered as a broker/dealer maintaining its only office in Los Angeles, California. The Firm is subject to a minimum net capital requirement of \$5,000 pursuant to SEC Rule 15c3-1. The Firm operates pursuant to the (k)(1) exemptive provision of SEC Rule 15c3-3 and does not hold customer funds or securities. Therefore, the Company is exempt from the computation for the determination of reserve requirements pursuant to Rule 15c3-3 as well as the disclosure of information relating to possession and control requirements pursuant to Rule 15c3-3. The Firm's business consists solely of mutual funds generated from customers located in Southern California.

**Method of Accounting**

The Firm maintains its records on the accrual basis of accounting.

**Income Taxes**

The proprietorship itself is not a taxpaying entity for purposes of federal and state income taxes. Such taxes of the proprietor are computed on his total income from all sources and, accordingly, no provision for income taxes is made in these statements.

**SIPC**

The SIPC assessment has been determined fairly in accordance with applicable instructions and was remitted timely.

**Cash Equivalents**

For purposes of the statement of cash flows, the Firm considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**BRECHLING ANDERSEN SECURITIES**  
**(A Proprietorship)**  
NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2009

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Marketable Securities/Fair Value

The Firm complies with current standards with respect to "Fair Value Measurements." The standards define fair value, thereby eliminating inconsistencies in guidance found in various prior accounting pronouncements, and increases disclosures surrounding fair value calculations. The standards establish a three-tiered fair value hierarchy that prioritizes inputs to valuation techniques used in fair value calculations. The three levels of inputs are defined as follows:

Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets accessible by the Firm at the measurement date.

Level 2 – Valuations based on inputs based on inputs that are observable in the marketplace other than those inputs classified as Level 1.

Level 3 – Valuations based on inputs that are unobservable in the marketplace and significant to the valuation.

The standards also require the Firm to maximize the use of observable inputs and minimize the use of unobservable inputs. If a financial instrument uses inputs that fall in different levels of hierarchy, the instrument will be categorized based upon the lowest level of input that is significant to their fair value calculation.

(2) MARKETABLE SECURITIES

Investment in securities at December 31, 2009, consists of trading securities comprised solely of NASDAQ common stock with a fair value of \$19,820 and an original cost of \$13,000.

Market value is established using Level 1 valuations in the hierarchy established by current standards as the securities are on national exchanges and the fair value is determined based on published market prices.

(3) RENTAL OF FACILITIES

The Firm occupies space under a month-to-month agreement. Total rent for 2009 amounted to \$7,206.

**BRECHLING ANDERSEN SECURITIES**  
**(A Proprietorship)**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

DECEMBER 31, 2009

**(4) SUBSEQUENT EVENTS**

Management has evaluated subsequent events and transactions occurring after year-end through the date that the financial statements were available for issuance which was January 22, 2010. No transactions or events were found that were material enough to require recognition in the financial statements.

**(5) NET CAPITAL**

The Firm is subject to a \$5,000 minimum capital requirement pursuant to SEC Rule 15c3-1, which requires that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1. Net capital and the related net capital ratio fluctuate on a daily basis; however, as of December 31, 2009, the net capital was \$26,993, which exceeded minimum net capital by \$21,993. The aggregate indebtedness to net capital ratio was not applicable because there was no aggregate indebtedness at that date.

**BRECHLING ANDERSEN SECURITIES**  
**(A Proprietorship)**  
**COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1**  
**DECEMBER 31, 2009**

Total equity from statement of financial condition	\$ 31,442
Less non-allowable assets:	
CRD balance	\$ <u>3</u>
Total adjustments	<u>3</u>
Net capital before haircuts	31,439
Haircuts:	
15% haircut on NASDAQ stock (NDAQ)	\$ (2,973)
Undue concentration	<u>(1,473)</u>
Total haircuts	<u>(4,446)</u>
Net capital	\$ <u>26,993</u>

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

Minimum net capital required	\$ <u>5,000</u>
Net capital from above	\$ <u>26,993</u>
Excess net capital	\$ <u>21,993</u>

**COMPUTATION OF RATIO OF AGGREGATE INDEBTEDNESS**

Total liabilities	\$ <u>-</u>
Ratio of aggregate indebtedness to net capital	<u>N/A</u>
Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)	<u>N/A</u>

Net capital as reported in the unaudited Part IIA filing agrees with the audited net capital above.

**BRECHLING ANDERSEN SECURITIES**  
**(A Proprietorship)**  
**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS**  
**PURSUANT TO RULE 15c3-3**

DECEMBER 31, 2009

Not Applicable – The Firm is not required to prepare a Computation of Reserve Requirement pursuant to Rule 15c3-3 as it is a Proprietorship dealing solely in Mutual Funds transacted directly with the Fund. The Firm does not receive or deliver customer funds or securities and is exempt pursuant to Paragraph (k) (1) of the Rule.

**BRECHLING ANDERSEN SECURITIES**  
**(A Proprietorship)**  
**INFORMATION RELATING TO THE POSSESSION**  
**OR CONTROL REQUIREMENTS PURSUANT TO RULE 15c3-3**

**DECEMBER 31, 2009**

The Firm is not subject to the requirements of Rule 15c3-3 Customer Protection – reserves and custody of securities with respect to physical possession or control as set forth in the rule as it does not receive or hold funds or securities and is exempt under Paragraph (k)(1) of the Rule.



GOODRICH • BARON • GOODYEAR LLP  
*Certified Public Accountants*

## REPORT ON INTERNAL ACCOUNTING CONTROL

Brechling Andersen Securities  
(A Proprietorship)  
Los Angeles, California

In planning and performing our audit of the financial statements of Brechling Andersen Securities (the Company) as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computation of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

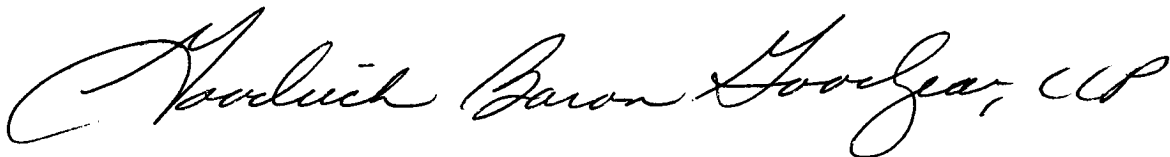
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate an inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2009, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934, in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Audrick Baron Googear, CPA". The signature is fluid and cursive, with the letters "A", "B", and "G" being particularly large and stylized. The "CPA" is written in a smaller, more straightforward font at the end of the signature.

Long Beach, California  
January 22, 2010

SEC Mail Processing  
Section

FEB 12 2010

Washington, DC  
110

## **BRECHLING ANDERSEN SECURITIES**

---

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

(With Independent Auditors' Report Thereon)